

Bureau of Land Management, Interior

§3137.51

§3137.25 How will the parties to the unit know if BLM approves the unit agreement?

BLM will notify the unit operator in writing when it approves or disapproves the proposed unit agreement. The unit operator must notify, in writing, all parties to the unit agreement within 30 calendar days after receiving BLM's notice of approval or disapproval.

§3137.26 When is a unit agreement effective?

The unit agreement is effective on the date BLM approves it.

§3137.27 What effect do subsequent contracts or obligations have on the unit agreement?

No subsequent contract or obligation—

- (a) Modifies the terms or conditions of the unit agreement; or
- (b) Relieves the unit operator of any right or obligation under the unit agreement.

§3137.28 What oil and gas resources of committed tracts does the unit agreement include?

A unit agreement includes all oil and gas resources of committed tracts unless BLM approves unit agreement terms to the contrary pursuant to §3137.50 of this subpart.

DEVELOPMENT

§3137.40 What initial development obligations must I define in a unit agreement?

Your unit agreement must define—

- (a) The number of wells you anticipate will be necessary to assess the reservoir adequately;
- (b) A primary target for each well;
- (c) A schedule for starting and completing drilling operations for each well; and
- (d) The time between starting operations on a well to the start of operations on the next well.

§3137.41 What continuing development obligations must I define in a unit agreement?

A unit agreement must provide for submission of supplemental or additional plans of development which obli-

gate the operator to a program of exploration and development (see §3137.71 of this subpart) that, after completion of the initial obligations —

- (a) Meets or exceeds the rate of non-unit operations in the vicinity of the unit; and
- (b) Represents an investment proportionate to the size of the area covered by the unit agreement.

[67 FR 17886, Apr. 11, 2002, as amended at 73 FR 6444, Feb. 4, 2008]

OPTIONAL TERMS

§3137.50 What optional terms may I include in a unit agreement?

BLM may approve the following optional terms for a unit agreement if they promote additional development or enhanced production potential—

- (a) Limiting the unit agreement to certain formations and their intervals;
- (b) Multiple unit operators (see §3137.51 of this subpart);
- (c) Allowing modification of the unit agreement terms if less than 100 percent of the parties to the unit agreement (see §3137.52 of this subpart) agree to the modification; or
- (d) Other terms that BLM determines will promote the greatest economic recovery of oil and gas consistent with applicable law.

§3137.51 Under what conditions does BLM permit multiple unit operators?

BLM permits multiple unit operators only if the unit agreement defines—

- (a) The conditions under which additional unit operators are acceptable;
- (b) The responsibilities of the different operators, including obtaining BLM approvals, reporting, paying Federal royalties and conducting operations;
- (c) Which unit operators are obligated to ensure bond coverage for each NPR-A lease in the unit;
- (d) The consequences if one or more unit operators defaults. For example, if an operator defaults, the unit agreement would list which unit operators would conduct that operator's operations and ensure bonding of those operations; and